

# Fiscal Note

*Fiscal Services Division*



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**SF 2291** – Food Donation Tax Credit (LSB 5256SV)

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Fiscal Note Version – New

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## **Description**

**Senate File 2291** creates a new tax credit for food producers that donate produce to Iowa food banks or other Iowa emergency feeding organizations. The tax credit is equal to 10.0% of the market value of the food donated. The credit is further limited to no more than \$5,000 per taxpayer per year. The tax credit is not refundable but unused credits may be carried forward for up to five tax years. The credit is available beginning tax year 2013.

The Bill also creates an Iowa Food-Link to Food-Bank Initiative administered by the Department of Human Services (DHS). The Bill creates a standing appropriation of \$2.0 million per year, beginning FY 2013, to finance the Initiative.

## **Assumptions**

The Department of Revenue identified a similar food donation tax credit program in the State of California. In that State, the estimated tax credit impact was \$200,000 per year. The State of California has significantly more farms that produce the type of commodities that are utilized directly for human consumption. For this estimate, the Iowa impact was assumed to be no more than 20.0% of the impact in California.

## **Fiscal Impact**

The food donation tax credit created in the Bill is projected to reduce net State General Fund revenue by no more than \$40,000 per year, beginning FY 2014.

The Bill appropriates \$2.0 million per year from the General Fund to the DHS to create an Iowa Food-Link to Food-Bank Initiative. The annual appropriation begins FY 2013.

## **Sources**

Department of Revenue

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/s/ Holly M. Lyons

March 14, 2012

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Iowa Code **section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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